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C O N F I D E N T I A L SECTION 01 OF 02 MINSK 000463

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TAGS: [PGOV](#) [PHUM](#) [BO](#)

SUBJECT: BELARUSIAN-CHINESE RELATIONS: MORE HYPE THAN
SUBSTANCE

REF: A. 06 MINSK 1234

[1](#)B. MINSK 425

Classified By: Ambassador Karen Stewart for reason 1.4 (d)

Summary

[1](#)1. (C) Lukashenko has referred to China as its most important strategic partner with increasing regularity. Not only do GOB officials routinely claim that trade between the countries is developing rapidly, they note that Beijing's ability to spur economic growth while maintaining "political stability" could serve as a model for economic reform in Belarus. However, a senior Chinese diplomat in Minsk and several foreign policy experts confirm that the political and economic relationship between China and Belarus remains relatively superficial and is not likely to deepen significantly in the near future. Moreover, observers remain convinced that Lukashenko is too obsessed with power to make the necessary economic reforms to replicate the Chinese model. End summary.

Belarus Looking For A Friend, Tutor In China?

[1](#)2. (C) Since Russia first announced in April 2006 that it would drastically cut energy subsidies for Belarus in 2007, Lukashenko has placed even greater emphasis on strengthening political, economic, and cultural ties with China. MFA Americas Desk Counselor Andrei Rzheusskiy recently confirmed for Pol/Econ Chief that China enjoys a unique and important position in Belarus' new foreign policy, which is aimed at minimizing Russia's ability to influence the political and economic development of the country (ref A). According to Rzheusskiy, Lukashenko measures the effectiveness of his foreign policy by the extent to which Belarus is able to secure political support and profitable economic deals with wealthy, sympathetic governments. Political analyst Aleksandr Alesin and Belarus-China relations professor Igor Malevich summarized the determining factors in Belarus' pursuit of a special friendship with China: it maintains a policy of non-interference in domestic affairs of other nations, it offers Belarus an enormous consumer market, and it has a seat on the UN Security Council.

[1](#)3. (C) Moreover, we have heard from observers with reliable contacts in the GOB that Lukashenko is considering applying the "Chinese model" of political and economic development to Belarus. Significantly higher energy prices, Lukashenko's precarious relationship with the Kremlin (at least for now), and the unlikelihood of sustained economic growth beyond 2007, have all contributed to Lukashenko's interest in

selectively opening up the economy to foreign investment while maintaining a tight grip on the political system. Although he could not confirm the information, Rzhyskiy had even heard that the Presidential Administration set up a private commission to research China's development path.

China Not Complaining About The Relationship...

14. (C) Chinese DCM in Minsk Jiang Xiaoyang asserted that China finds its relationship with Belarus to be "useful." Belarus serves as a key trading route for Chinese exports into the European Union and Russia, and Belarus vigorously defends China's foreign policy interests, including those relating to Taiwan, in international fora. Jiang explained that, in general, China is willing to "cooperate" with any government that respects and supports China's policy interests. From Beijing's perspective, China's relationship with Belarus falls into the category of "constructive partner, nothing more."

...But There's Not Much To It

15. (C) Jiang and several foreign policy experts confirmed that, as with Belarus' other self-proclaimed international partners (ref B), there is much more hype in the Belarus-China relationship than substance. Jiang stated categorically that Belarus greatly exaggerates the level of cooperation between the two countries. Chinese leaders have never employed -- nor do they plan to in the near future -- such language as "strategic partner," or even "important partner," in describing China's relationship with Belarus. Jiang speculated that this rhetoric is primarily for domestic

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consumption; Belarusians undoubtedly remain anxious about how their president's estranged relationship with President Putin will affect the Belarusian economy.

The Numbers Tell the Story

16. (C) Senior GOB officials repeatedly claim that bilateral trade between Belarus and China reached anywhere from USD 900 million to USD 1 billion in 2006 and that trade volume should reach USD 2 billion in the next few years. However, Jiang noted that Belarusian statistics significantly differ from those of his government. Beijing estimates that bilateral trade reached only USD 625 million in 2006, and "there is no reason to believe" the volume will go up significantly in the near future. Alesin added that China is mainly interested in those Belarusian goods that would help China develop its agricultural sector -- potassium-based fertilizer and certain heavy trucks and equipment.

17. (C) Belarus is also eager to attract Chinese foreign investment. Jiang revealed that Belarus on several occasions has asked that Beijing invest at least USD 1 billion in the Belarusian economy, including the establishment of a Chinese bank in Belarus. When Belarus realized that the Chinese government would not direct Chinese investors to embark on "unprofitable" ventures, the GOB approached Beijing for a loan in the same amount. Jiang said Beijing provided the regime a similar answer. Currently, the largest Chinese investment in Belarus is a multi-year cellular phone system joint venture worth USD 200 million, an investment which Jiang characterized as "negligible."

18. (C) Political analyst Valeriy Karbalevich and Minsk commercial real estate investor Yuriy Popov noted that Chinese investors periodically make visits to Minsk, but they almost always leave empty handed. Alesin added that China is likely interested in Belarus' Soviet-era military and space technology, but the regime strictly controls the information about this possible area of cooperation.

China Is Not Belarus' Tutor

¶9. (C) Emphasizing that China's foreign policy is governed by pragmatism and not ideals, Jiang said China is not interested in assisting Belarus dig itself out of its deep economic hole. When Pol/Econ Chief shared with the Chinese diplomat the possibility that the Presidential Administration set up a commission to study Chinese development strategy, Jiang said he had never heard of the commission and thought it was a useless endeavor. Jiang speculated that Lukashenko would ultimately refuse to transition to a market-driven economy, which Jiang described as a central feature of Chinese economic growth. Malevich agreed with Jiang's assessment, adding that China relied on Western material and technical assistance to modernize its economy. Malevich doubts that Lukashenko perceives the economy to be in such disrepair that he would concede to U.S. and EU conditions -- i.e., massive political reform -- to receive similar support.

Comment

¶10. (C) Senior GOB officials and Belarusian diplomats are knocking on the doors of many governments -- any government -- to find a helping hand. Several governments have not conditioned their participation in trade or investment projects on political reform, including Russia, Venezuela, Iran, India, Azerbaijan, UAE, and China. However, with only a few exceptions, even these governments are not interested in giving something for nothing.
Stewart